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TAGS: ECON ELAB RS SOCI
SUBJECT: FORD WORKERS END STRIKE

REF: A. MOSCOW 5314
 1B. MOSCOW 4710
 1C. ST.PETERSBURG 271

Strike Ends and Full Production Resumes

11. (SBU) Summary. Workers at Ford Motor Co.'s plant near St. Petersburg ended a four-week strike today after management promised further negotiations on a new labor contract, including wage increases and a reduction of the night shift (reftel a). According to press reports, Ford management has stated that new wage increases would compensate for inflation -- expected to reach 11 percent by the end of this year -- by a "large margin." End Summary.

12. (SBU) On Friday, Ford management agreed to discuss a new 2008 labor contract, including wage talks, if full production resumed today. Union leader Aleksey Etmanov confirmed that a timetable for discussions had been agreed on and called union members back to work on all three shifts starting at midnight on Sunday the 16th. The plant had been operating on a single shift since November 28 and on two shifts since December 10. Etmanov also reported that management had agreed that no workers would be disciplined or discriminated against because of their participation in the strike.

Background

13. (SBU) Ford workers held a one-day strike on November 7 and warned of a permanent strike on November 20 if their demands were not met (reftel a). Subsequent negotiations failed and workers began the strike on November 20. The union has asked for a new labor contract that includes basic monthly wage increases from the current level of 19,000 rubles to up to 28,000 rubles (\$770 to \$1,140) and a reduction of night shift hours (reftel a).

Comment

14. (SBU) An increasing number of labor conflicts this year have highlighted workers' demands for a larger share of the country's strong economic growth in the form of higher wages, particularly amid rising inflation (reftel b, c). Unions have also wanted to draw attention to labor laws they perceive as anti-union (reftel c). Managers of foreign investments in Northwest Russia have told us they feared foreign firms could be targeted by such strikes because unions expected fairer

treatment there than at 100 percent Russian-owned companies. Investors admitted that workers had a negotiating advantage in this tight labor market, but noted that demands for "unreasonable" wage increases could quickly erode the region's competitive advantages. End comment.

¶5. (SBU) This cable was coordinated with St. Petersburg.
BURNS